

Pennsylvania’s Affordable Housing Crisis: An Explainer of State and Federal Investments

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INTRODUCTION

Since the onset of the COVID-19 pandemic, there has been more conversation about the importance of housing, and a lack thereof, across the United States. Housing is arguably one of the most important aspects of people’s lives – we learn, play, eat, rest, connect with others, take care of our health, and more at home. Where our homes are located is just as significant as what happens in them. The location of our homes determines how we get around, where the nearest grocery store is, what kind of air we breathe, how easily we can get to healthcare facilities, whether we can access parks, what kinds of jobs are available, and the quality of public education in the local school system. Similarly, the quality of the home and its need for repair and weatherization affect residents’ health and well-being.

Substandard housing conditions cause many detrimental health conditions, warranting a public investment in home repairs. Fixing leaky roofs and remediating mold reduce asthma triggers, emergency room visits, and medical expenditures.¹ Removing lead hazards means avoiding lead poisoning in children and its lifelong impacts on health, IQ, scholastic achievement, and employment.² Older Pennsylvanians can age in place and people with disabilities can live independently with appropriate home modifications.³ The overwhelming demand for Whole-Home Repairs Program⁴ assistance is testament to the need in Pennsylvania, where 26% of owner-occupied homes – almost a million homes – are owned by households with incomes below \$50,000 a year. Of those, 189,116 have incomes under \$15,000.⁵ No doubt many of these homeowners defer maintenance and repairs for lack of resources.

Just as important as the condition of the home is affordability – how much a household spends on housing versus how much is left for other necessities like food, clothing, medication, and transportation. Affordable housing is an especially timely topic, given that the affordable

¹ Green & Healthy Homes Initiative, [Reimbursement Strategies for Healthy Homes Services](#), 2022.

² Gould, E., *Childhood Lead Poisoning: Conservative Estimates of the Social and Economic Benefits of Lead Hazard Control*, Environmental Health Perspectives, Vol 117 number 7 | July 2009

³ Rebuilding Together, [“Impact Measurement Report, 2020-2021”](#)

⁴ Spotlight PA, [“Demand for Pennsylvania’s Whole-Home Repairs Program has been overwhelming, but more funding is on hold”](#).

⁵ American Community Survey, [Table S2503](#), Financial Characteristics.

housing shortage has only worsened since the pandemic. The cost of housing for renters and homeowners has roughly doubled over the last decade, with 48.5% of Pennsylvania renters and 20.3% of homeowners⁶ now spending more than the recommended 30% of their income⁷ on housing expenses. In a snapshot statistic, Pennsylvania is estimated to have a shortage of approximately 267,000 affordable housing units for extremely low-income renters.⁸ This means for every 100 extremely low-income renters, there are only 38 units that are affordable and available to them.⁹ To make matters worse, data from the National Housing Preservation Database shows that between 2022 and 2032, the Commonwealth is at risk of losing 22,634 publicly supported rental homes, with another roughly 12,000 units of public housing needing investment for upgrades.¹⁰ These figures speak to the direly needed investment in affordable housing across the Commonwealth.

The housing shortage is partly the result of housing construction nationally not keeping up with the demand that grew because of the Great Recession, when foreclosed homeowners entered the rental market. Then came Covid. The pandemic created conditions for the housing market to enter a new phase of instability. Potential first-time homebuyers have struggled to afford the increasing cost of homeownership since the onset of the pandemic. The U.S. Federal Reserve, an agency responsible for regulating private banks, implemented measures to stabilize the economy during the recession caused by the pandemic – including lowering the federal interest rate. The federal interest rate affects various types of short and long-term loans, including private mortgages. While mortgages rates decreased, house price appreciation dramatically increased given the limited supply of homes for sale and increased demand due to work-from-home and other economic and social policies.¹¹

The Federal Reserve has since increased the federal interest rate to stave off a recession as inflation soared post-pandemic, thereby increasing mortgage rates from 2.3% in 2020 to 6.5% in 2023,¹² which also contributed to higher housing costs. To add insult to injury, investment firms accounted for 26% of all single-family home purchases in the U.S. in June 2023, compared to below 15% in March 2020.¹³ Investor owned homes are generally removed from the homeowner market and converted to rentals, decreasing the inventory for homebuyers even more. Home prices have yet to come down due to low housing stock, high interest rates, and

⁶ American Community Survey, [Table DP04](#): Selected Housing Characteristics.

⁷ The [U. S. Department of Housing and Urban Development](#) defines “affordable” as paying no more than 30% of household income on rent or mortgage (principle, interest, taxes, and insurance) plus utilities.

⁸ National Low Income Housing Coalition, [Housing Needs by State Analysis](#).

⁹ Ibid.

¹⁰ National Housing Preservation Database [State Preservation Profile](#).

¹¹ Duca, J. and Murphy, A., [Why house prices surged as the COVID-19 pandemic took hold, Federal Reserve Bank of Dallas](#), 2021.

¹² Freddie Mac [U.S. Mortgage Rates](#)

¹³ Malone, T., [U.S. Home Investor Share Remained High in Early Summer 2023](#), CoreLogic, 2023.

high demand, with the median price for a home in the U.S. increasing by an average of \$126,000 over three years.¹⁴ As a result of high mortgage rates and less homes for sale, first-time homebuyers have been priced out of the market.

At the same time, the rental market has felt the same instability in the housing market over the last few years. With many first-time homebuyers being priced out of the market due to higher home prices and tightened mortgage lending along with fewer job prospects, low wages, and high student loan debt, these would-be homeowners have had to make the decision to continue renting, continuing the pressure on the rental market.¹⁵ While rent increases have slowed, the current average rent across the U.S. is very high with more than 50% of all renters now being cost-burdened.¹⁶ The high interest rates coming out of the Federal Reserve are also affecting loans financing apartment buildings and other multifamily properties, keeping rental stock low while demand still booms. Nonindividual investors have also continued to purchase a large swath of rental properties across the country, increasing their share of ownership of these properties to 27% by the end of 2021.¹⁷ This has caused rents throughout the country to increase to unaffordable levels for many.¹⁸ These factors combined have made it increasingly difficult for tenants to afford rent every month, much less other living expenses, which have also risen.¹⁹ As difficult as it is to find a decent place to live and keep housing payments to 30% of income, it is equally difficult to cover all other household expenses from the remaining 70%. Low-income households are struggling more now than ever before.

While costs are rising, the minimum wage in Pennsylvania has stayed at \$7.25 since 2009.²⁰ Many minimum wage workers across the Commonwealth cannot afford most rents with the average wage needed to afford a zero- or 1-bedroom apartment being \$15.24 and \$16.95, respectively.²¹ At the current minimum wage, Pennsylvania workers would have to work more than 80 hours a week to afford an efficiency apartment at the Fair Market Rent.²² Even for people earning above the minimum wage, finding and keeping an affordable place to live has become increasingly difficult. There are \$15-an-hour wage earners in many industries who take on additional employment due to hours being cut.²³ As of August 2023, the median rent for the

¹⁴ Hartlet Beck, R., [How did COVID affect the housing market?](#), Bankrate, 2023.

¹⁵ Joint Center for Housing Studies of Harvard University, [America's Rental Housing 2024](#).

¹⁶ Ibid.

¹⁷ Ibid.

¹⁸ Ibid.

¹⁹ See, e.g., Government Accountability Office, "[Sticker Shock at the Grocery Store? Inflation Wasn't the Only Reason Food Prices Increased](#)," 2023; The Century Foundation, "[As Federal Funds Expire, Child Care Prices are Soaring](#)," 2023; The New York Times, "[Higher Bills are Leading Americans to Delay Medical Care](#)", 2023.

²⁰ Pennsylvania Minimum Wage Advisory Board, [Analysis of the PA Minimum Wage](#).

²¹ National Low Income Housing Coalition [Out of Reach Report State Data](#).

²² "Fair market rent" is [determined by U.S. Department of Housing and Urban Development \(HUD\)](#) and is set at the 40th percentile "for standard quality units within a metropolitan area or nonmetropolitan county."

²³ Harvard Business Review, [When a Higher Minimum Wage Leads to Lower Compensation](#), 2021.

Philadelphia metro area was \$2,342, the Pittsburgh metro was \$1,841, and the overall state median rent was \$1,647.²⁴

Affordability is also a big concern for potential homebuyers as prices rise. The average home price in Pennsylvania is now \$255,570 (April 2024), up from \$179,523 five years ago.²⁵ Of course, averages do not tell the whole story. Even in high priced markets such as Philadelphia, roughly 30% of sales in 2021 were under \$200,000.²⁶ In weaker markets, a larger number of lower priced homes are available. But lower priced homes are often either small (such as one-bedroom condominiums) or in poor condition, making them unsuitable for a low-income family.

Pennsylvania needs to build more homes, both for sale and for rent. At the current rate of approximately 25,000 new housing units a year, it will take a few decades to alleviate the shortage, even without accounting for population growth.²⁷ Moreover, from 2019-2021, 62-65% of the units built were single family. 2021 was an unusual year when 60% of new units permitted were in buildings of two or more units. Even so, demand for rentals remains high, as do rents. Without adequate public subsidies, quality rentals and homes for sale will remain out of reach for lower income Pennsylvanians.

Access to affordable and safe housing can be an even more significant challenge for marginalized non-white communities because of the history of racial discrimination and segregation in housing in the United States. The consequences of redlining and discriminatory housing policies are still felt today in the form of decreased property values and limited access to credit in redlined neighborhoods. The lack of intergenerational wealth in segregated communities has made it harder for families affected by segregation to access decent housing as they often struggle to accumulate downpayments and moving costs. People of color and people with low income are disproportionately affected by exposure to substandard housing.²⁸ Moreover, Black homeowners pay more to buy and own a home than their white counterparts,²⁹ making not only the initial purchase difficult, but saving or borrowing money for home repairs difficult as well. Limited access to quality education in segregated areas continues to impact future earning potential for residents, additionally affecting residents' ability to afford better housing options.

²⁴ [Rent.com](#) analysis of national median rents.

²⁵ Zillow, "[Pennsylvania Home Values](#)".

²⁶ U. S. Department of Housing and Urban Development, Office of Policy Development and Research, "[Comprehensive Housing Market Analysis: Philadelphia, Pennsylvania](#)".

²⁷ U. S. Census Bureau, "[Building Permit Survey](#)".

²⁸ Kreiger, J. and Higgins, D., "[Housing and Health: Time Again for Public Health Action](#)", American Journal of Public Health, 2002, Vol 92, No. 5.

²⁹ Aronowitz, M., Golding, E., and Choi, J., "[The Unequal Costs of Black Homeownership](#)", MIT Goluc Center for Finance and Policy, 2020.

While the Fair Housing Act and many other civil rights laws have outlawed discrimination, past discriminatory practices still have ramifications today. Segregated communities continue to have higher healthcare costs and reduced quality of life due to poor housing conditions, higher crime rates, lack of access to healthful food and good healthcare, and disproportionate exposure to environmental hazards.³⁰ For example, the parts of Philadelphia that were redlined decades ago are many of the same neighborhoods with the highest concentration of violent crime today.³¹ Additionally, past discriminatory practices and systemic inequalities prevented communities from attaining a seat at the table to discuss housing and community development issues. Communities that have been excluded from these conversations may not have the same relationships or knowledge of how to get to the table to be included in these discussions. Governments, from the local to federal level, have a history of diminishing the validity of residents' concerns about their communities. While some of these communities sometimes have champion residents who are persistent in their advocacy, many do not have the capacity to advocate for these changes when they are focused on survival. If marginalized communities, like residents with disabilities or people of color living in historically redlined areas, are not explicitly prioritized in funding programs, these communities often get left further behind.

ROLE OF GOVERNMENT IN AFFORDABLE HOUSING

Governments from the local to federal levels have the authority to provide pathways to building affordable housing. One key strategy involves the allocation of subsidies and incentives to support the development of affordable housing projects. For example, by providing financial incentives to developers through the federal Low Income Housing Tax Credit (LIHTC) program or the state tax credit program, governments stimulate the construction of low-income housing units. Additionally, governments may implement strategic zoning and land-use policies that encourage the creation of affordable housing. Rental assistance programs, including Housing Choice Vouchers, are instrumental in aiding low-income individuals and families to afford housing in the private market. Government-sponsored homeownership assistance programs, offering subsidies or low-interest mortgages, further empower citizens to achieve housing stability and build wealth. Collaborative efforts with nonprofit organizations and the establishment of community land trusts help ensure long-term affordability and community

³⁰ See, e.g., Norton, R. and Brown, B., "[Green & Healthy Homes Initiative: Improving Health, Economic, and Social Outcomes Through Integrated Housing Intervention, Environmental Justice](#)", 2014; Rauh, V., Landrigan, P., Claudio, L., "[Housing and Health: Intersection of Poverty and Environmental Exposures](#)", *Annals of the New York Academy Sciences*, 2008; Grineski, S. and Hernandez, A., "[Landlords, Fear, and Children's Respiratory Health: An Untold Story of Environmental Injustice in the Central City](#)", *The International Journal of Justice and Sustainability*, 2010.

³⁰ Robert Wood Johnson Foundation, Commission to Build a Healthier America, "[Where We Live Matters for Our Health: The Links Between Housing and Health](#)", 2008.

³¹ South, E., MacDonald, J., and Reina, V., "[Association Between Structural Housing Repairs for Low-Income Homeowners and Neighborhood Crime](#)", *JAMA Network Open*, 2021, citing Jacoby, S., Dong, B., Beard, J., Wiebe, D., and Morrison, C., "[The Enduring Impact of Historical and Structural Racism on Urban Violence in Philadelphia](#)", *Social Science & Medicine*, 2018.

engagement. Comprehensive regulations, including rent control/stabilization measures and tenant protections, ensure tenants can remain housed. Monitoring the housing market to ensure fair and affordable housing practices adds another layer of protection for tenants, including enforcing anti-discrimination laws. Government interventions should be working to mitigate the affordable housing crisis and foster a more inclusive housing market for all citizens. This report specifically examines the grants, loans, and other financial incentives offered by multiple levels of government to support the preservation and construction of affordable housing.

County and municipal governments manage local housing programs and resources, as they have the unique ability to assess and address the specific needs of their communities. By conducting thorough assessments of housing demand, demographic trends, and socioeconomic disparities, counties can tailor their funding allocations to promote fairness and inclusivity. Equitable distribution includes focusing on areas with the greatest housing challenges, such as affordable housing shortages or homelessness, and making sure these communities receive a proportionate share of funding to address these pressing issues. Furthermore, local governments can implement policies that encourage affordable housing development in underserved neighborhoods, thus fostering balanced and sustainable community growth.

The state government also plays an important role in funding new development and preserving affordable housing. Municipalities and counties have a say over how to prioritize specific local affordable housing goals, but the state has the power to create funding streams and direct the administration of housing and community development dollars that run through state funding pools. The state also directs the distribution of federal funds that flow through it, within federal guidelines.

Because of the shortage of quality, affordable housing, and the historic disinvestment in non-white neighborhoods, it is important to develop more affordable homes, preserve what affordability currently exists, and invest in underserved communities. In Pennsylvania, there are many programs to help address affordable housing issues across the commonwealth. This report aims to organize and clarify the many programs available for community development and affordable housing development and preservation and examine how Pennsylvania distributes those funds to improve housing quality, revitalize communities, and make housing more affordable for low- to moderate-income people.

AGENCIES ADMINISTERING HOUSING AND COMMUNITY DEVELOPMENT FUNDS

Most of the housing and community development programs in the Commonwealth are administered by two state agencies: the Pennsylvania Housing Finance Agency (PHFA) and the Pennsylvania Department of Community and Economic Development (DCED). Other funds covered in this report either come directly from the federal government or, in the case of the Redevelopment Assistance Capital Program (RACP), through the Office of the Budget.

PHFA³² is a state-affiliated agency that uses a variety of federal, state, and internal sources of funding to promote homeownership and create and preserve affordable rental homes. PHFA administers the Low Income Housing Tax Credit (LIHTC) program and the PA Housing Affordability and Rehabilitation Enhancement (PHARE) Fund, as well as several other programs to promote and stabilize homeownership and to expand rental opportunities.

DCED³³ is a state agency that works with businesses, local governments, and community organizations by leveraging public-private partnerships, promoting workforce development, and providing access to critical resources and programs. DCED administers the non-entitlement Community Development Block Grant (CDBG) and non-Participating Jurisdiction HOME Investment Partnership (HOME) funds sent by the U.S. Department of Housing and Urban Development (HUD). State funded housing and community development programs housed at DCED include Keystone Communities, Weatherization Assistance Program, and the Neighborhood Assistance Program. DCED also runs the Whole-Homes Repair Program, not covered in this report because of the newness of the program.

The Office of the Budget³⁴ is a state agency responsible for supervising the execution of a balanced financial strategy tailored to Pennsylvania, aligning with the governor's policies and priorities. The Office aims to facilitate the effective distribution and utilization of resources, ensuring tracking of all funds received and disbursed for Commonwealth programs in compliance with existing laws, regulations, and policies. The Office of the Budget administers the Redevelopment Assistance Capital Program (RACP).

³² www.phfa.org

³³ www.dced.pa.gov

³⁴ www.budget.pa.gov

DISCUSSION OF PROGRAMS

Housing and community development funding programs have a significant impact on housing affordability and availability in Pennsylvania. They can also help revitalize distressed areas by adding to the housing stock, rehabilitating vacant properties, and demolishing blighted buildings. Housing and community development programs have helped to create and preserve affordable housing units, which are particularly important in low-income neighborhoods. In addition, they can provide affordable housing in better served communities where residents have access to good schools and jobs. Most of the programs covered in this report can be used for more than housing development, such as HOME funding for home repairs or PHARE funding for housing related services and rent and utility assistance.

There is unfortunately no good, centralized repository for information on how many total affordable housing units are built each year or over time. However, some federal and state sources have data on the number and type of subsidized units developed.³⁵

The programs that provide the most funding to affordable housing initiatives in the Commonwealth are the HOME Investment Partnership (HOME), Low Income Housing Tax Credit (LIHTC), and Community Development Block Grant (CDBG) federal programs as well as the state Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) program. These programs are described more fully on the following pages. Other housing and community development resources are described in the appendix and the charts at the end of this report.

Community Development Block Grant (CDBG)

CDBG is a federally funded initiative that provides grants to eligible cities, counties, and states to support community development activities. The program aims to promote affordable housing, expand economic opportunities, and improve community infrastructure, especially in low- to moderate-income areas. CDBG funds can be used for a wide range of projects, including housing rehabilitation, public facility improvements, and economic development initiatives. The program is designed to be flexible and adaptable, allowing communities to tailor their use of funds to their unique needs and priorities. At least 70% of the funds must benefit low and moderate income people.

CDBG funds are distributed by a formula that accounts for a jurisdiction's poverty and housing conditions as well as total population. Larger cities and counties, as well as the largest city in each metropolitan area, are known as "entitlement communities" and receive their funds

³⁵ See, e.g., Novogradac [LIHTC Mapping Tool](#) and the National Housing Preservation Database [Federally Assisted Rental Housing Mapping Tool](#) (Project by the Public and Affordable Housing Research Corporation and the National Low Income Housing Coalition).

directly from HUD. HUD also sends CDBG money to each state to use in non-entitlement communities, generally in the more rural areas. In Pennsylvania, the “balance of state” funds are administered by DCED and are distributed according to a formula established by state law, commonly known as Act 179.³⁶ This law created state categories of entitlement and non-entitlement communities, but these jurisdictions are different from the federally designated entitlement communities.

Table 1a – CDBG Federal Entitlement Communities

Year	Total Funds – All	Total Funds – Housing
2018	\$145,004,999	\$35,896,724
2019	\$144,538,780	\$31,120,870
2020	\$149,605,816	\$44,762,175
2021	\$151,488,432	N/A
Grand Total	\$590,638,027	\$111,779,770

Table 1b – CDBG Federal Non-Entitlement Communities

Year	Total Funds – All	Total Funds - Housing
2018	\$34,071,779	\$3,849,680
2019	\$34,825,484	\$4,596,023
2020	\$35,726,855	\$3,484,497
2021	\$36,270,067	N/A
Grand Total	\$140,894,185*	\$11,930,200

Source: RHLS analysis of federal (HUD) and state (DCED) Community Development Block Grant (CDBG) funds.

*Note: This total does not include funding used for administration in distribution of funds by DCED.

These tables (1a, 1b) provide insights into the financial allocation for CDBG communities, both for entitlement and non-entitlement communities. The total amount of funding benefiting federal entitlement and non-entitlement communities combined over the four years analyzed is \$731,532,212. Because CDBG funds may be used for more than housing, the charts show both total amounts spent in the state and the amounts spent on housing initiatives specifically. Unfortunately, at the publishing of this report, HUD had not yet released 2021 dollar amounts for housing only.

Entitlement communities spent an average of 25.5% of their CDBG funds on housing, with annual percentages ranging from 21.5% in 2019 to 29.9% in 2020. In smaller non-entitlement communities, the spending on housing was significantly lower. The three year average for housing spending in non-entitlement communities was 11.4%, ranging from a low of 9.8% in

³⁶ 35 P.S. 1751. In addition to the distribution formula, Act 179 allows up to 13% of the funds to be awarded by competitive application open to DCED.

2020 to 13.2% in 2019. The remaining 82% of CDBG entitlement community funds were distributed among infrastructure, public facility, and economic development initiatives in low-to moderate-income areas. Policy makers and practitioners may want to consider the growing need for quality affordable housing in most communities and consider the positive impact that housing development, preservation, and home repair have on community revitalization, economic development, and household well-being.

Home Investment Partnership Program (HOME)

HOME is also a block grant program, but unlike CDBG, its funds are exclusively for housing. HOME is designed to provide affordable housing options to low-income individuals and families, providing communities with funds for affordable housing development as well as a range of services, including homebuyer counseling and rental assistance. A small portion of HOME funds may also be used to build the capacity of Community Housing Development Organizations (CHDOs).

HUD distributes HOME funds to “participating jurisdictions”³⁷ and states according to a formula that considers poverty and rental housing conditions. As with CDBG, non-participating jurisdictions receive funding through DCED. However, there is no Act 179 equivalent for HOME and all awards from DCED are competitive.³⁸

Note: The 2020 American Rescue Plan (ARP) provided an additional \$206,461,751 to participating jurisdictions and \$73,094,403 to non-participating jurisdictions through Pennsylvania’s HOME program and those funds were distributed in 2021. As these were one-time allocations, the ARP funds are not included in these tables.

Table 2a – HOME Participating Jurisdictions

Year	Total Participating Jurisdictions	Total Funds
2018	31	\$56,641,719
2019	31	\$51,667,667
2020	32	\$56,818,895
2021	31	\$56,512,944
Total		\$221,641,225

³⁷ “Participating jurisdictions” are similar in concept to CDBG “entitlement communities” and there is a good deal of overlap in communities so designated, but they are not the same.

³⁸ For proposed rental developments of 15 units or more, DCED provides funds to PHFA who makes the awards, also through a competitive process.

Table 2b – HOME Non-Participating Jurisdictions

Year	Total Non-Participating Jurisdictions	Total Funds
2018	28	\$11,585,660
2019	18	\$21,120,151
2020	26	\$12,765,837
2021	20	\$15,679,781
Total		\$61,151,429

Note: The jurisdictions that are granted awards are the same year-to-year with slight differences – they are not cumulative.
 Source: RHLS analysis of federal (HUD) HOME Investment Partnership Program (HOME) funds.

Tables 2a-2b show the number of jurisdictions that received HOME funding in the period from 2018-2021. The most common uses were home repair programs, downpayment and closing cost assistance, acquisition and rehab for rental or homeownership, and new construction for rental or homeownership. According to the Public and Affordable Housing Research Corporation and the National Low Income Housing Coalition, the estimated number of rental units supported throughout Pennsylvania by HOME funding as of 2022 is 12,069.³⁹ The HOME program supported Pennsylvania’s housing concerns during the years analyzed by a total of \$282,792,654, or \$428,102,976 including the ARP distribution.

Low Income Housing Tax Credits (LIHTC)

LIHTC is a federal program that provides tax credits to developers who build or rehabilitate affordable housing for low-income households. These credits are administered at the federal level by the Internal Revenue Service (IRS). At the state level, housing finance agencies oversee the allocation of these credits. In Pennsylvania, it is PHFA that awards the tax credits to private developers who commit to renting a percentage of their units to low-income households at below-market rates. The tax credits are used to offset the costs of building or rehabilitating affordable housing units. LIHTC has helped to provide safe, decent, and affordable housing options to low-income households across the state by increasing the supply of affordable housing.

³⁹National Housing Preservation Database [State Preservation Profile](#)

Table 3 - LIHTC

Year	Number of Units Built	Total Funds
2018	1,877	\$40,018,683
2019	1,619	\$40,480,323
2020	1,785	\$41,979,725
2021	1,974	\$43,681,571
Grand Total	7,255	\$166,160,302

Source: RHLS analysis of Low-Income Housing Tax Credit (LIHTC) funds.

Table 3 highlights the number of affordable apartments built and the tax credits awarded by PHFA to developers each year to build these units. It should be noted that the units built during a given year are not constructed from the funds awarded during that same year. There is generally a gap of a few years between award of the tax credits and completion of the project because of the time it takes to build. Yet, it is worth examining both the value of the credits awarded and the number of new rental homes built during each year. Both units built and credits distributed have seen relative stability from 2018-2021, with units built increasing by an average of 2% and credits awarded increasing an average of 3%. As of 2022, the estimated number of rental units supported throughout the state by LIHTC is 47,731.⁴⁰

Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE)

PHARE is Pennsylvania’s housing trust fund, created to establish a dedicated revenue source for affordable housing development and preservation, addressing homelessness, and providing housing support services. The bulk of PHARE’s funding comes from the Realty Transfer Tax (RTT), with smaller amounts from the Marcellus Shale Impact Fee and the National Housing Trust Fund (NHTF). Marcellus Shale funds are restricted to those counties with “unconventional” (fracking) natural gas wells and NHTF money is dedicated to rental developments that also received LIHTC awards. PHARE is extremely popular with recipients because the funding is very flexible, and the program encourages creativity in how to best address local housing needs.

⁴⁰ Ibid.

Table 4 - PHARE

Year	Number of Projects Supported	Total Funds
2018	140	\$26,299,222
2019	213	\$50,987,631
2020	209	\$44,907,610
2021	227	\$42,521,101
Grand Total	789	\$164,715,564

Source: RHLS analysis of state (PHFA) Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE) funds.

Table 4 reflects the growth in RTT funds, as the cap on the RTT formula increased in 2019 from \$25 million to \$40 million.⁴¹ Impact Fee funding decreased as gas drilling slowed. NHTF funding depends on proceeds from Fannie Mae's⁴² and Freddie Mac's⁴³ mortgage business. This table does not include funding allocated to statewide projects, which was allocated 12 times and totaled \$5,173,430 over 2018-2021.

⁴¹ The cap was increased to \$60 million for FY 2023-24.

⁴² Fannie Mae, officially known as the Federal National Mortgage Association (FNMA), operates in the secondary mortgage market to purchase mortgages from retail lenders, thereby providing the lenders with more funds to lend out.

⁴³ Like Fannie Mae, Freddie Mac, the Federal Home Loan Mortgage Corporation (FHLMC), is a secondary market purchaser of mortgage loans. Both Fannie and Freddie have an obligation to support affordable housing.

DISTRIBUTION OF HOUSING AND COMMUNITY DEVELOPMENT FUNDS

PLEASE VISIT <https://public.flourish.studio/story/1934220/> TO SEE THE INTERACTIVE VERSION OF THESE VISUALIZATIONS.⁴⁴

Figure A

⁴⁴ www.rhls.org/pafundingreport

Total Funding Amounts for All Housing Programs in Pennsylvania by County
 Totals from 2018-2021

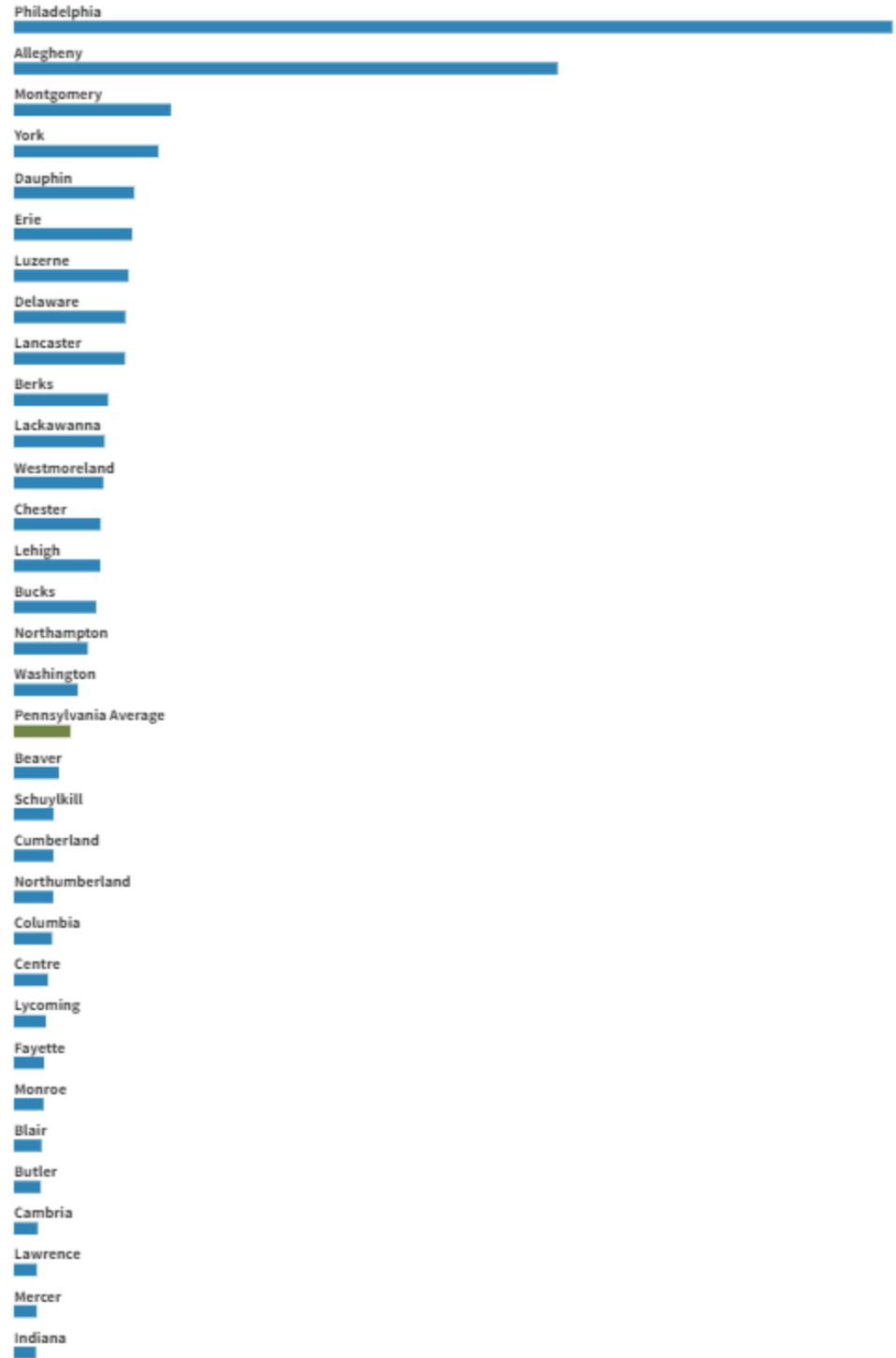


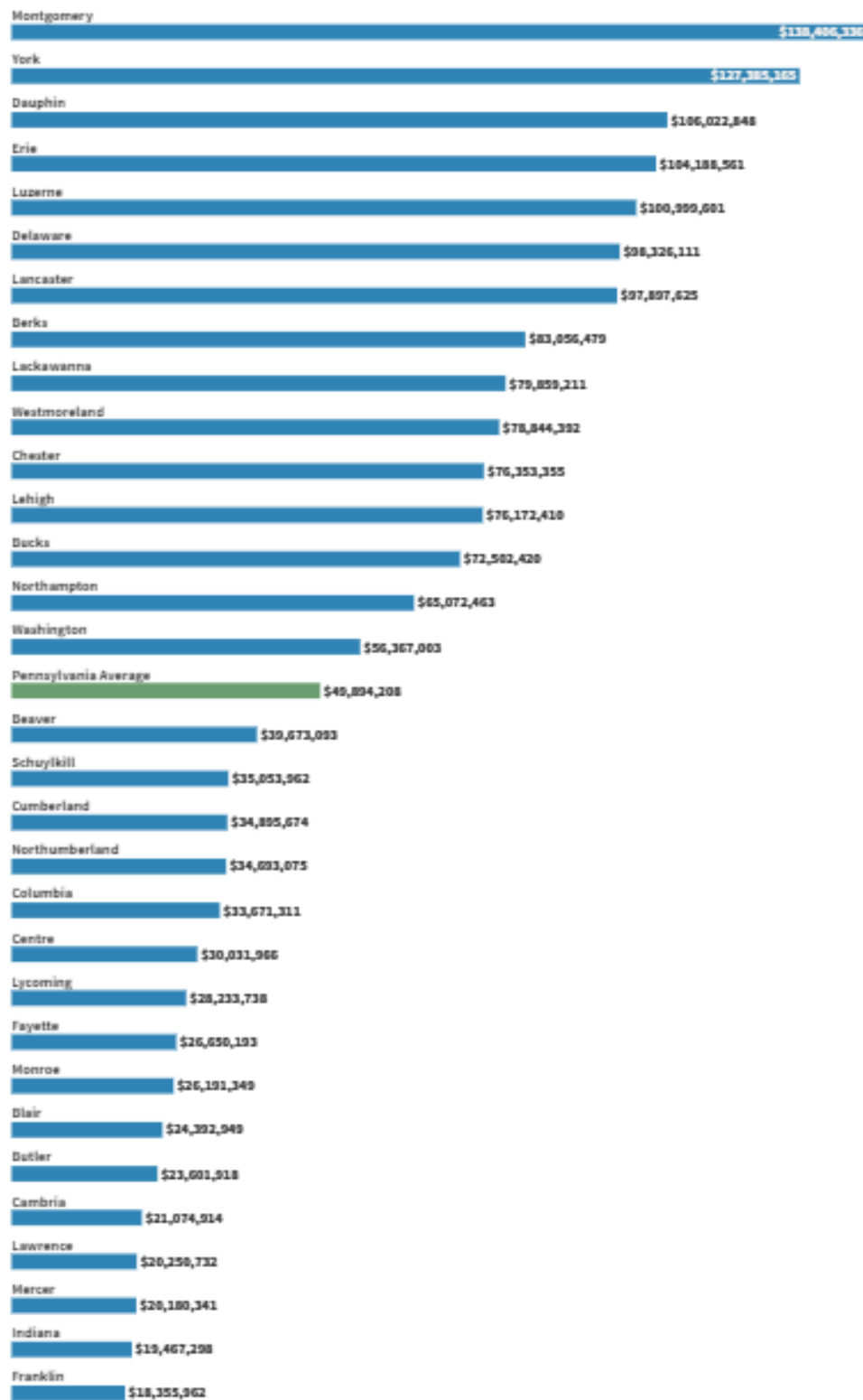


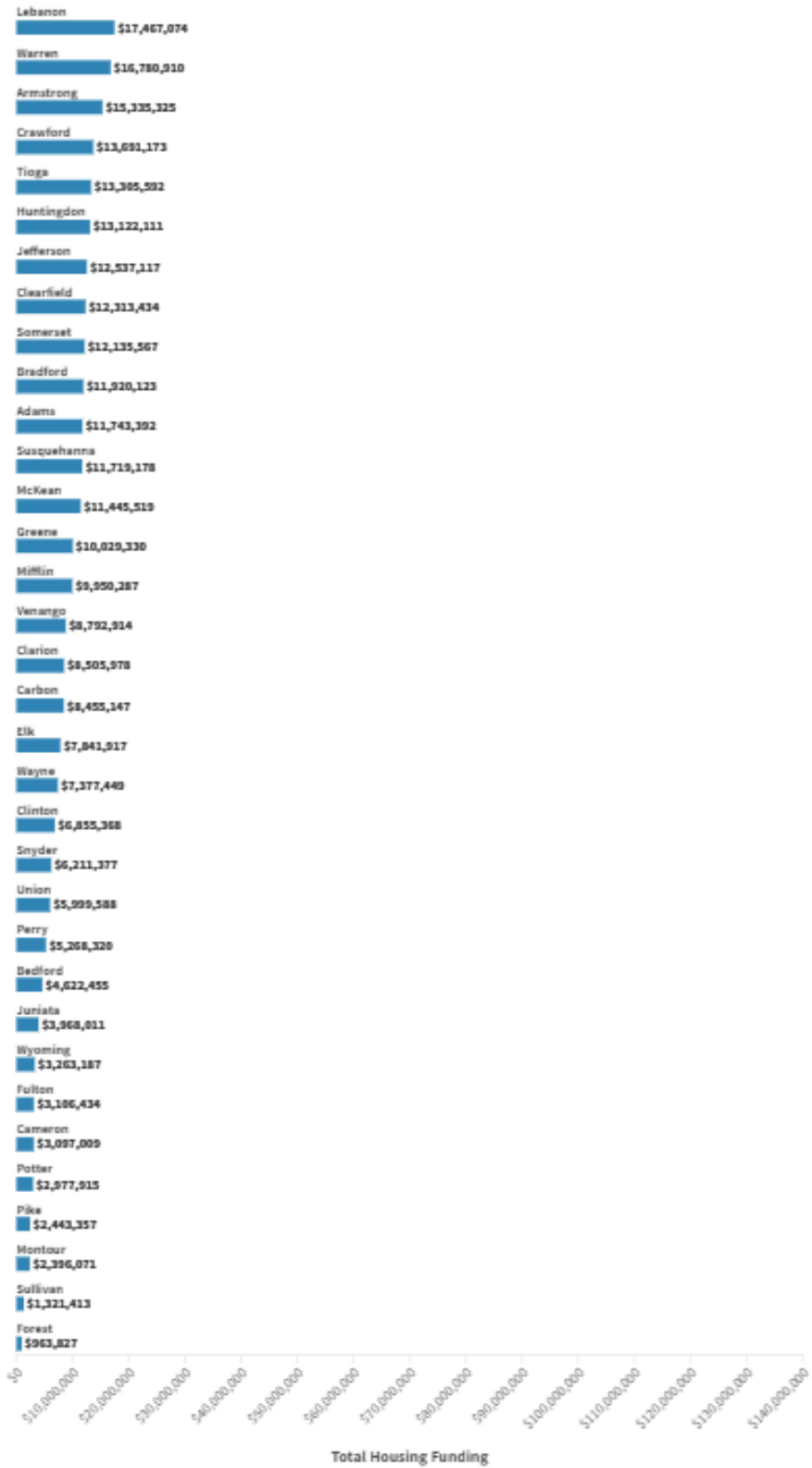
Figure A shows the total of analyzed housing and community development funding for each county. This comprehensive approach gives a holistic view of housing program support across the state. The two largest bars in the graph are for Allegheny and Philadelphia counties, counties with large cities and the largest populations, which means higher demand for housing resources. Their bars being so large makes sense given these circumstances. Because funding for Philadelphia and Allegheny Counties so far exceeds funding for each of the other counties, it is difficult to provide readable data about the other 65 counties in Figure A. Figure B focuses on those 65 counties, eliminating Allegheny and Philadelphia.

Figure B

Total Funding Amounts for All Housing Programs in Pennsylvania by County Totals from 2018-2021

Excluding Allegheny and Philadelphia counties





With Philadelphia and Allegheny counties removed, we see a slightly different picture. Figure B highlights the range in funding for the remaining 65 counties across the Commonwealth over the four years analyzed. The differences in funding are more prominent and easier to see. It should be noted that, for the most part, the counties with higher funding are home to some of the larger cities in the state. Other counties, like Westmoreland, are much more rural. A county like York, as demonstrated in the maps below, seems to be a bit of an outlier in the amount of funding they receive compared to their sociodemographic data.

Figure C

Breakdown of Funding for All Housing Programs in Pennsylvania by County Totals from 2018-2021

NOTE: The "H" across various programs is a simplifier for the amount of funds dedicated to housing only where data was available.
NOTE: The "S" in "CDBG-S" is a simplifier for the various other programs under CDBG, including Disaster Recovery (DR), Coronavirus (CV), and Neighborhood Stabilization.





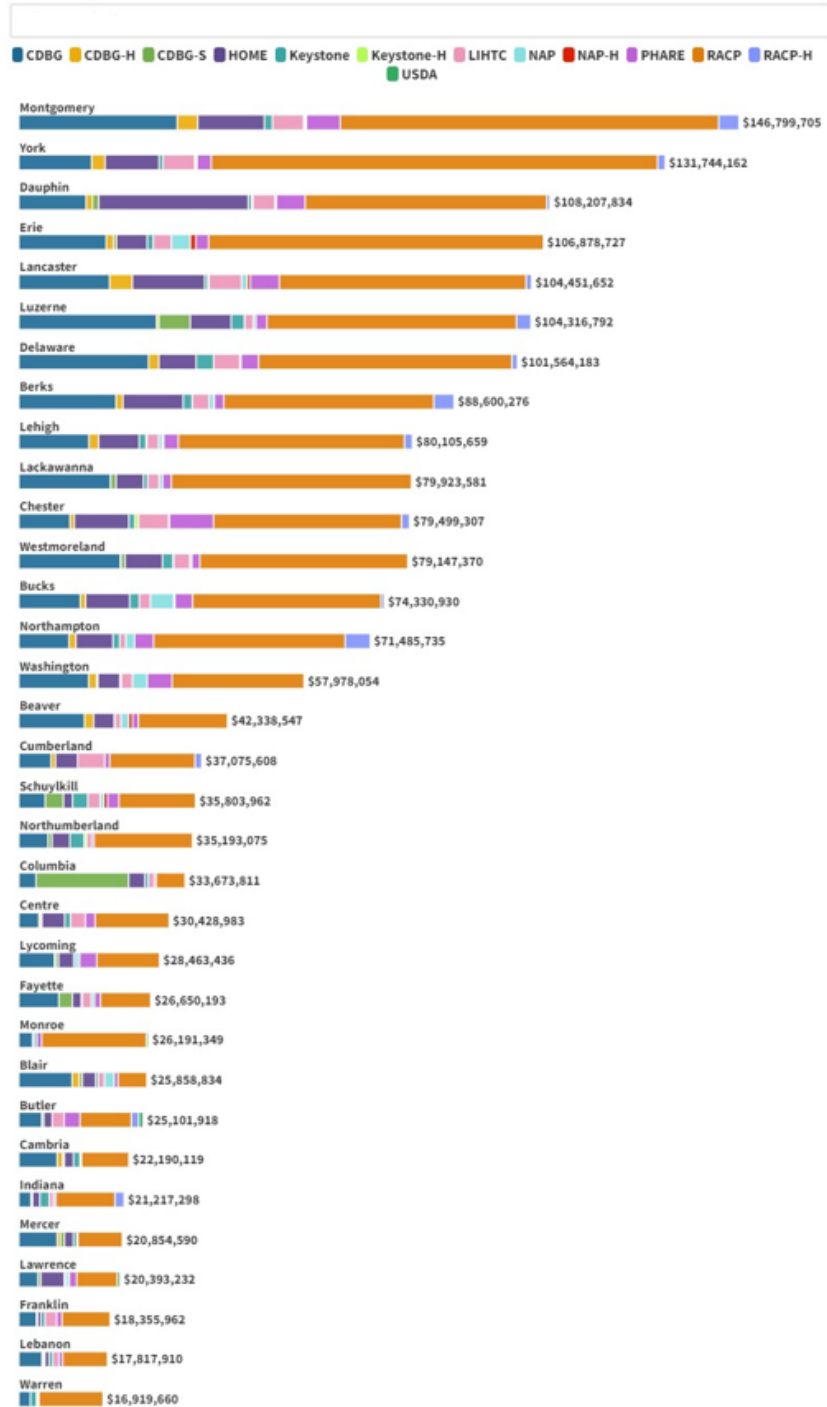
Source: RHLS analysis of Community Development Block Grant (CDBG) including housing only and special funding, HOME Investment Partnerships (HOME), Keystone Communities (Keystone), Low-Income Housing Tax Credit (LIHTC), Neighborhood Assistance Program (NAP), Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE), Redevelopment Assistance Capital Program (RACP), and United States Department of Agriculture Rental Preservation (USDA) programs.



Figure D

Breakdown of Funding for All Housing Programs in Pennsylvania by County Totals from 2018-2021, excluding Allegheny and Philadelphia counties

NOTE: The "H" across various programs is a simplifier for the amount of funds dedicated to housing only where data was available.
NOTE: The "S" in "CDBG-S" is a simplifier for the various other programs under CDBG, including Disaster Recovery (DR), Coronavirus (CV), and Neighborhood Stabilization.





Source: RHLS analysis of Community Development Block Grant (CDBG) including housing only and special funding, HOME Investment Partnerships (HOME), Keystone Communities (Keystone), Low-Income Housing Tax Credit (LIHTC), Neighborhood Assistance Program (NAP), Pennsylvania Housing Affordability and Rehabilitation Enhancement (PHARE), Redevelopment Assistance Capital Program (RACP), and United States Department of Agriculture Rental Preservation (USDA) programs.



Figures C and D show breakdowns of funding from all housing programs analyzed in this report, with Figure C including Philadelphia and Allegheny counties and Figure D excluding them to give a better picture of funding distribution without these two counties skewing the visualization of the data. The funding for housing programs across counties comes from a variety of sources, as indicated by the different color-coded segments. The difference in funding levels across counties, in addition to reflecting population differences, may be due to more complex housing scenarios requiring multifaceted financial support. It can also be due to counties having knowledge of different federal and state programs available and taking initiative to apply for funding for their housing needs. The difference also reflects the very competitive nature of many of these programs, especially LIHTC where a developer may need to submit a proposal three times before receiving an award.

Certain programs have broad applicability and less restrictions, like CDBG, making them important sources of funding in supporting housing initiatives. RACP funds are one of the most prevalent sources of funding across nearly all counties. However, upon closer inspection, RACP does not contribute much funding toward each county's housing initiatives, as evidenced by the "RACP-H" category. This suggests RACP contributes plenty to community development initiatives, but not so much for housing. Other programs, like CDBG, HOME, LIHTC, and PHARE, also show up consistently across most counties. For housing needs specifically, these programs show the highest priority in funding housing projects.

These graphs show the need for diverse streams of funding to address a county's housing needs as each program has differing requirements. Some counties receive a significantly higher total funding amount than others. While all counties receive funds from multiple programs, the distribution varies. It may be worth noting that most CDBG and HOME program funds are distributed by formula while others are competitive.

ANALYSIS OF FUNDING ACROSS PROGRAMS BY SOCIODEMOGRAPHIC MEASURES

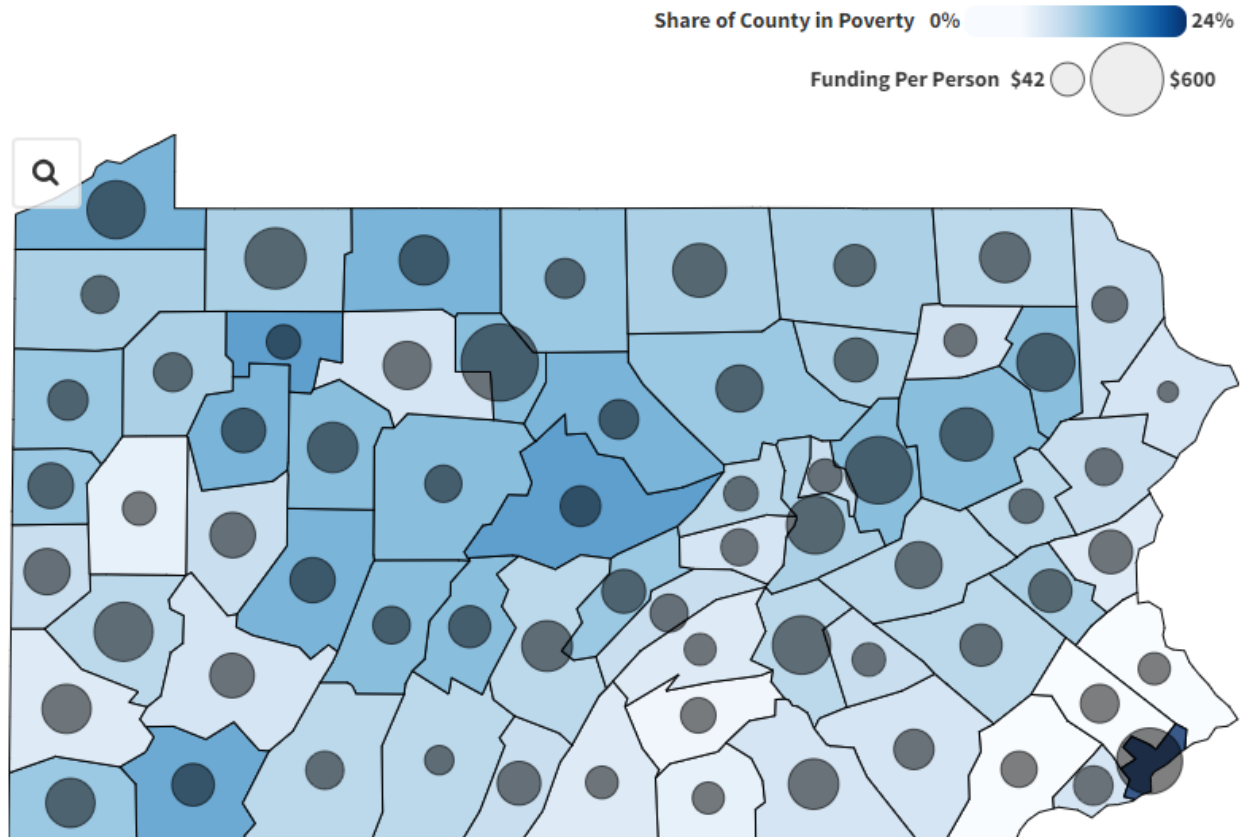
The next figures are detailed maps that show connections between demographic information and dollar spent per person of total housing and community development funds for each county. Interactive maps can be found at [\[link\]](#).

The maps use a gradient of blue shades to represent the minimum and maximum percent of the sociodemographic variable in each county. Lighter shades indicate lower percentages and darker shades mean higher percentages. The size of the circles on top of each county shows the per capita share of funding for all programs. Smaller circles represent a lower per capita share of funding, while larger circles indicate a higher per capita share of funding. The shading is based on U.S. Census Bureau 2019 American Community Survey 5-year estimate data and circle size is based on analyzed funding data from various housing and community development programs in Pennsylvania, including the Community Development Block Grant, the HOME Investment Partnerships, the Low-Income Housing Tax Credit, the Neighborhood Assistance Program, the Pennsylvania Housing Affordability and Rehabilitation Enhancement, the Redevelopment and Assistance Capital Program, and the U.S. Department of Agriculture Housing Preservation programs.

POVERTY

Figure E

County Comparison of Share of County Population in Poverty and Per Capita Share of Housing and Community Development Funding in 2019



U.S. Census Bureau 2019 boundaries, U.S. Census Bureau 2019 population estimates

Source: RHLS analysis of CDBG, HOME, Keystone Communities, LIHTC, NAP, PHARE, RACP, and USDA Rental Preservation programs.



Figure E shows the distribution of people in poverty across the state and its correlation to the funding amount per person received by each county.⁴⁵ Some counties with darker shading, such as Forest, Centre, and Fayette, have higher levels of poverty, but not a proportionate level of funding. Additionally, counties like Cameron and Columbia may be receiving a larger than their fair share of funding considering the dollar amount per person they are receiving compared to their smaller poverty levels. These disparities hint at potential areas where funding might need reconsideration.

For counties like Delaware, Dauphin, and Lehigh, their larger cities of Chester, Harrisburg, and Allentown and a portion of Bethlehem, respectively, have higher poverty levels than the rest of

⁴⁵ U.S. Census Bureau [poverty measure calculation](#).

the county, but the city numbers are hidden in the rest of the county. Figure E likely does not show this discrepancy. Additionally, from this county perspective, many counties with higher poverty levels seem to be more concentrated in the western part of the state, where the geography tends to be more rural.

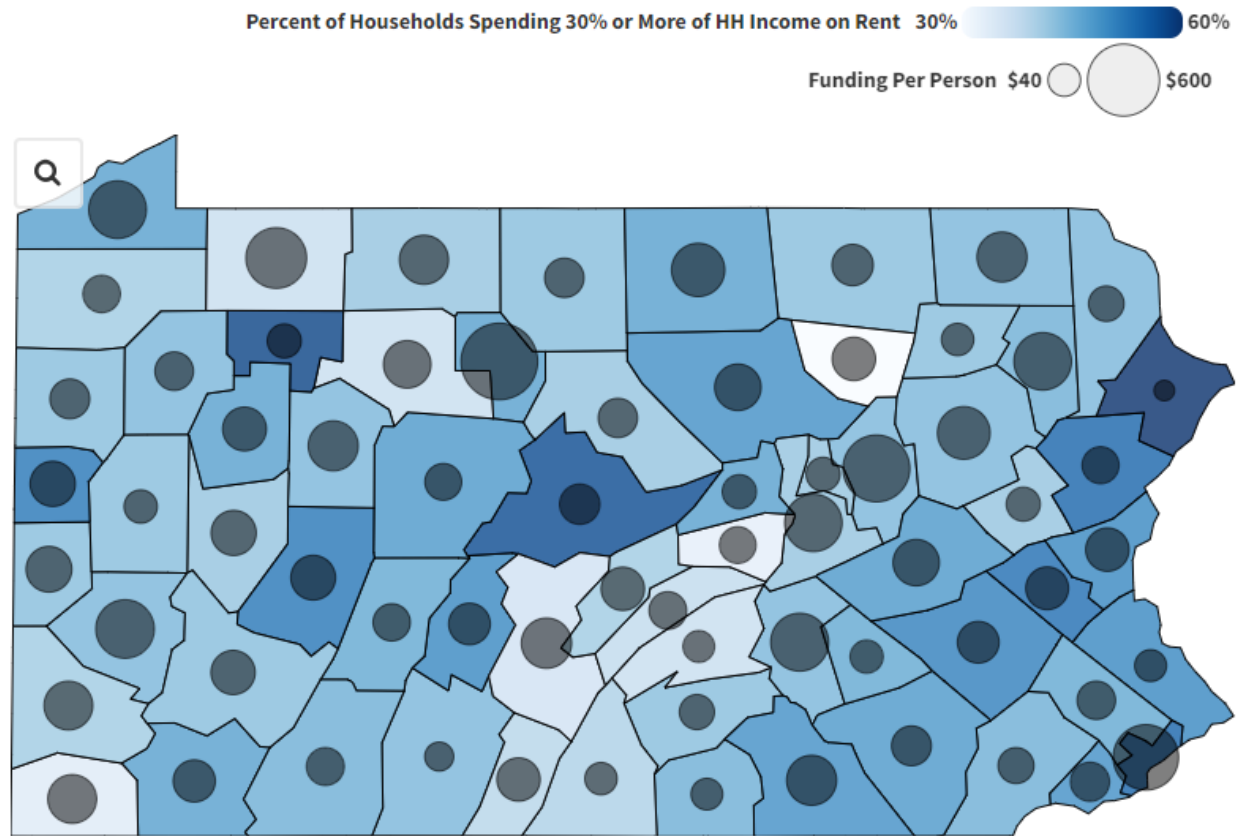
The map suggests there might be broader regional trends, where certain parts of the map consistently receive more or less funding or have higher or lower poverty levels.

HOUSING COST BURDEN

Figures F, G, and H below demonstrate the percent of renters and homeowners (with and without a mortgage) that use 30% or more of their income towards their housing expenses. The three maps collectively give a comprehensive perspective on housing-related financial stress across homeowners with mortgages, homeowners without mortgages, and renters.

Figure F

County Comparison of Renters Paying 30% or More of Income on Housing Expenses and Per Capita Share of Housing and Community Development Funding in 2019



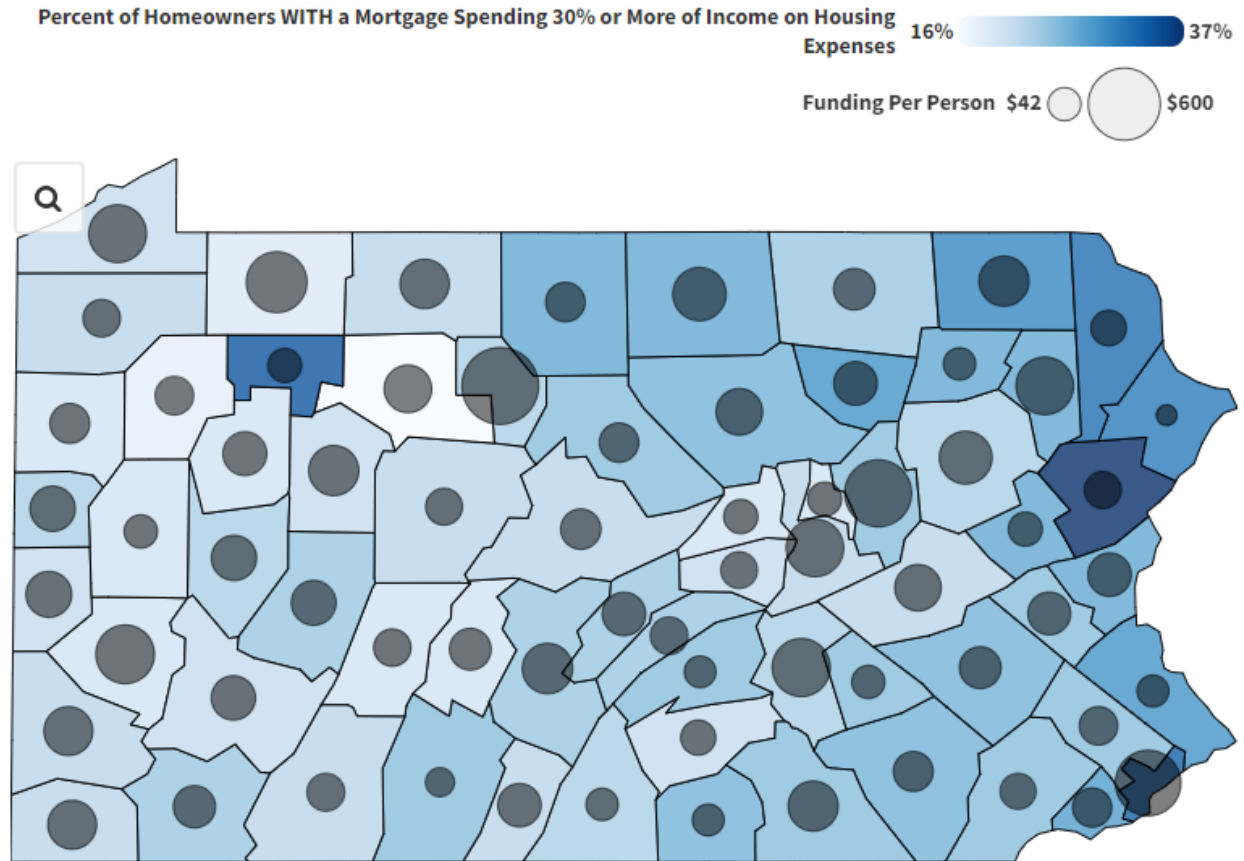
U.S. Census Bureau 2019 population estimates, U.S. Census Bureau 2019 boundaries
 Source: RHLS analysis of CDBG, HOME, Keystone Communities, LIHTC, NAP, PHARE, RACP, and USDA Rental Preservation programs.



Based on Figure F, renters across the state are struggling. Renters in counties such as Forest, Centre, and Pike are especially feeling the affordable housing crisis with about 60% of their renter population spending more than 30% of their income towards housing expenses and very small amounts of housing and community development dollars being directed toward their counties. Alternatively, a county like Sullivan has the smallest proportion of renters in housing crisis but may be receiving a larger amount of funding to combat the issue. The reasons behind the high percentages of households with rent burdens in counties across the commonwealth could include multiple factors, such as local economic conditions and availability of affordable housing, but most importantly from this analysis, whether the award of funds considers factors such as cost burden and poverty.

Figure G

County Comparison of Homeowners With a Mortgage Paying 30% or More of Income on Housing Expenses and Per Capita Share of Housing and Community Development Funding in 2019



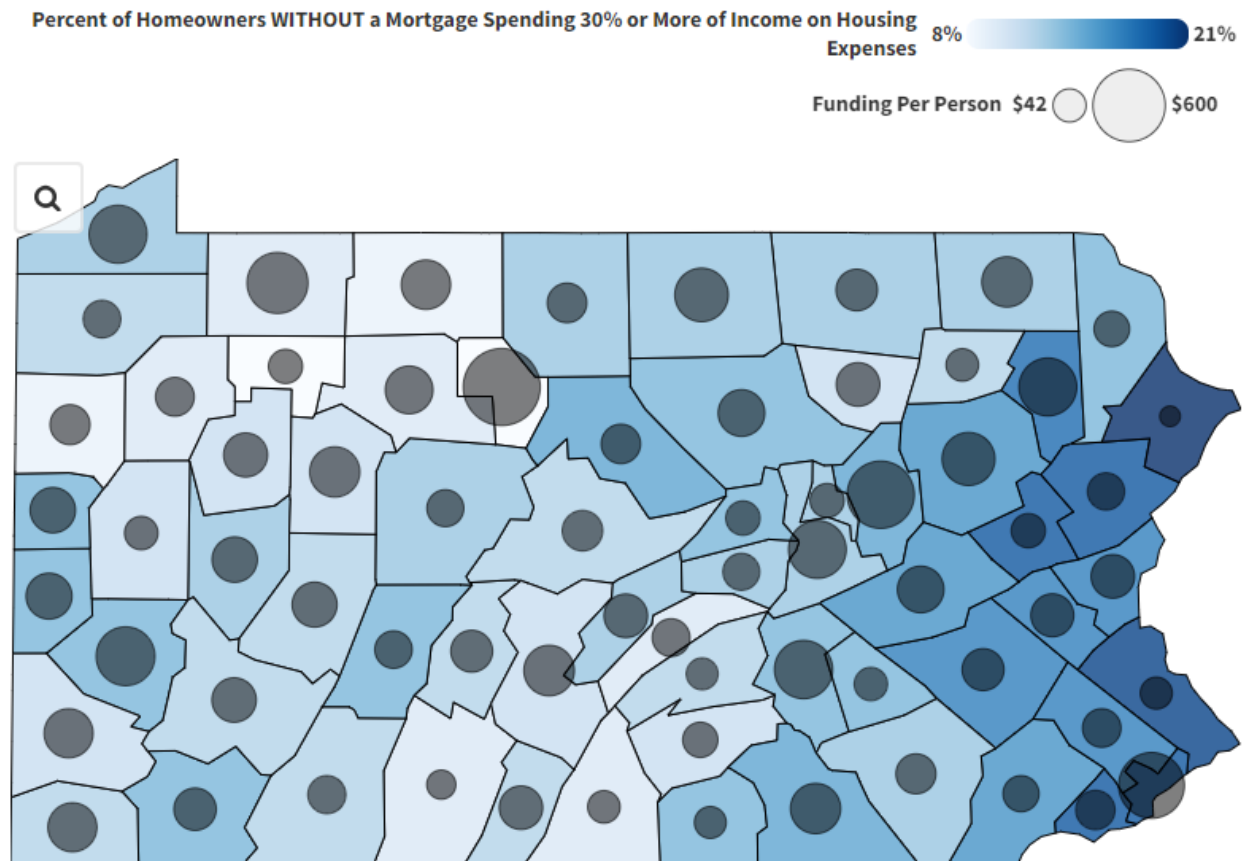
U.S. Census Bureau 2019 boundaries, U.S. Census Bureau 2019 population estimates

Source: RHLS analysis of CDBG, HOME, Keystone Communities, LIHTC, NAP, PHARE, RACP, and USDA Rental Preservation programs.



Figure H

County Comparison of Homeowners Without a Mortgage Paying 30% or More of Income on Housing Expenses and Per Capita Share of Housing and Community Development Funding in 2019



U.S. Census Bureau 2019 boundaries, U.S. Census Bureau 2019 population estimates
 Source: RHLS analysis of CDBG, HOME, Keystone Communities, LIHTC, NAP, PHARE, RACP, and USDA Rental Preservation programs.



Figures G and H show the comparison of homeowners with and without a mortgage who are cost burdened to housing and community development funding per person by county. A county that is significantly darker for homeowners with a mortgage compared to the map of those without a mortgage suggests that having a mortgage is a dominant stress factor. This is true for counties like Forest, Sullivan, Susquehanna, and Wayne. From Figure H, many homeowners without a mortgage in almost the entire eastern part of the state are struggling with housing affordability, compared to struggling homeowners with a mortgage concentrated more in the northeast part. For counties showing homeowners without a mortgage struggling more than homeowners with a mortgage, counties like Pike and Bucks, it implies that other factors, besides mortgage payments – such as property taxes, utilities, maintenance, etc. – are most likely leading contributors to housing stress.

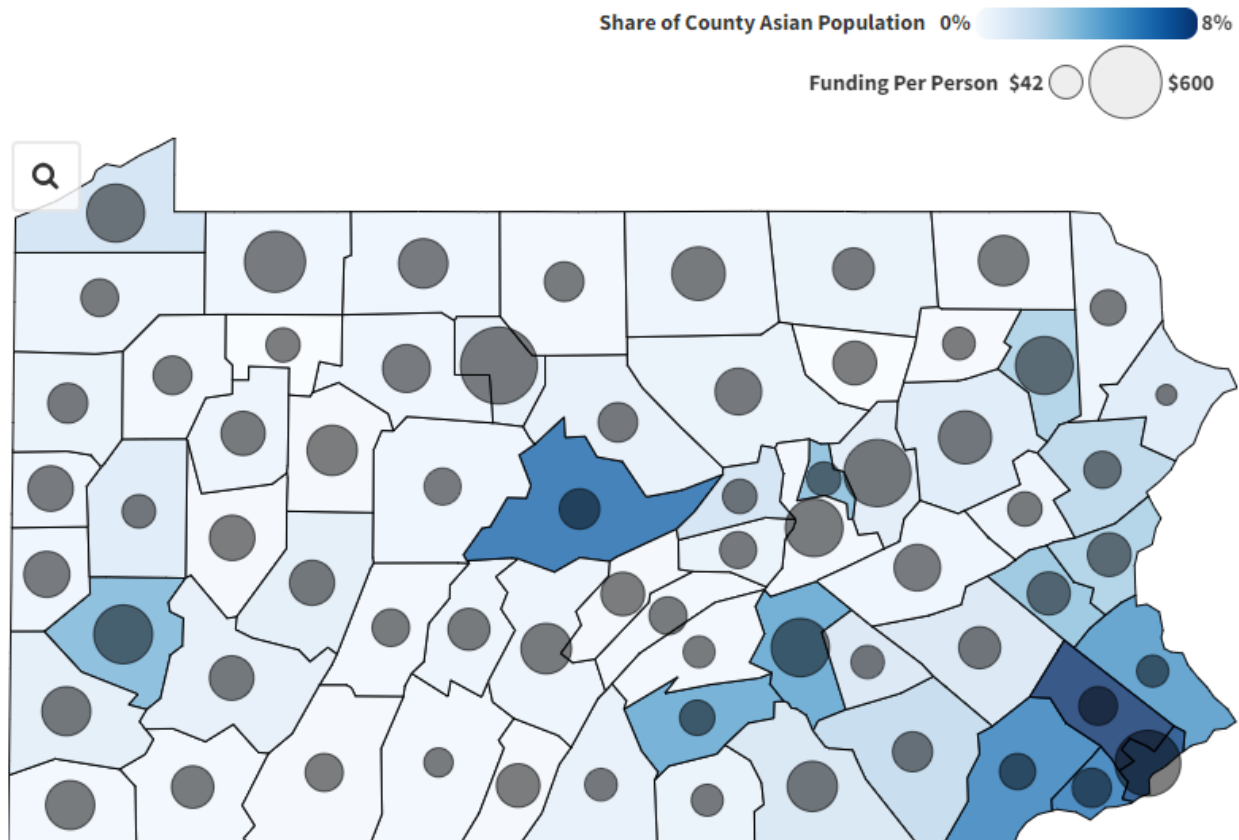
Areas consistently dark across all three maps, such as the east part of the state, signify regions where housing stress is widespread regardless of the housing type or mortgage status. These counties require more significant attention and funding.

RACE AND ETHNICITY

Note: The racial/ethnic categories used in the following maps are based on U.S. Census Bureau's definitions of race and ethnicity.⁴⁶ The authors of this report recognize the limitations of these categories and hope the following analysis leads to further discussions about how race and ethnicity are recorded and experienced in the commonwealth.

Figure I

County Comparison of Share of County Asian Population and Per Capita Share of Housing and Community Development Funding in 2019



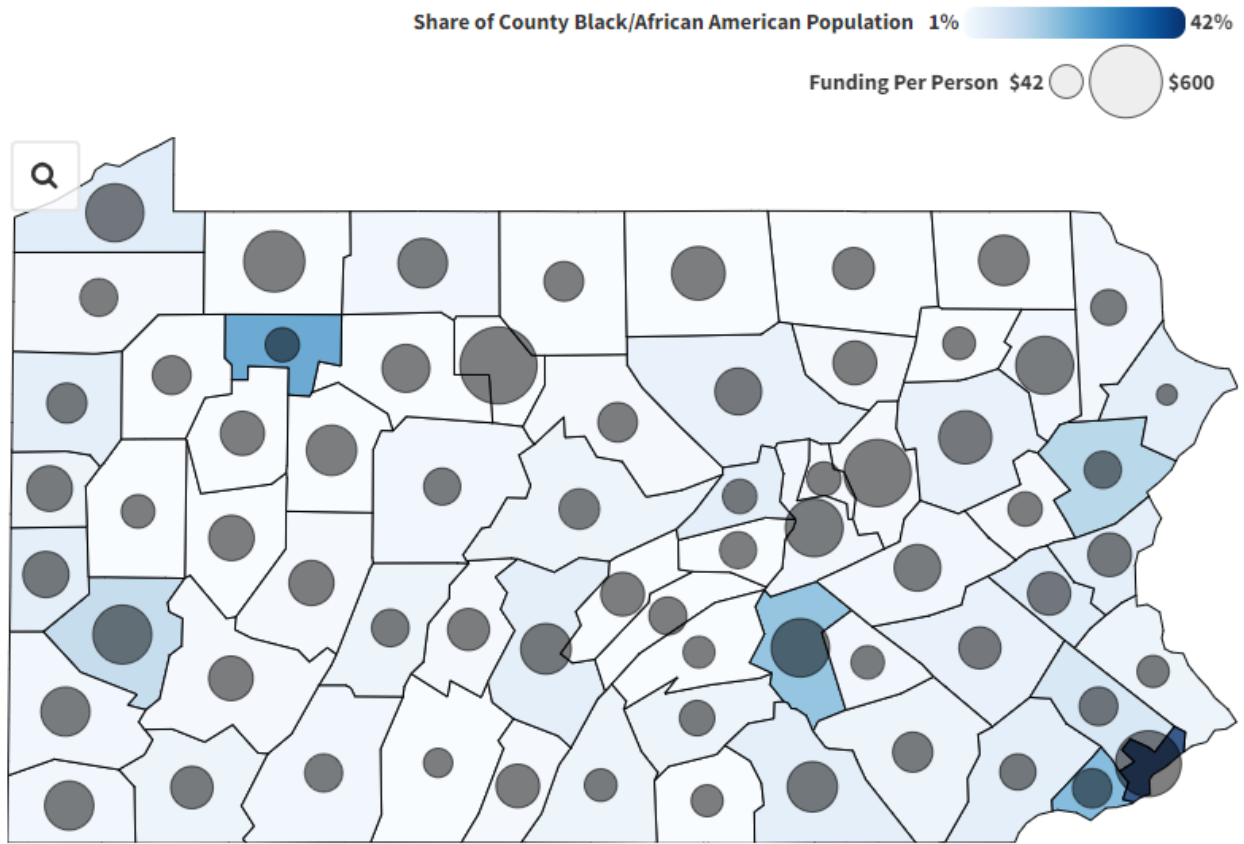
U.S. Census Bureau 2019 boundaries, U.S. Census Bureau 2019 population estimates
Source: RHLS analysis of CDBG, HOME, Keystone Communities, LIHTC, NAP, PHARE, RACP, and USDA Rental Preservation programs.



⁴⁶ U.S. Census Bureau [Research to Improve Data on Race and Ethnicity](#).

Figure J

County Comparison of Share of County Black/African American Population and Per Capita Share of Housing and Community Development Funding in 2019

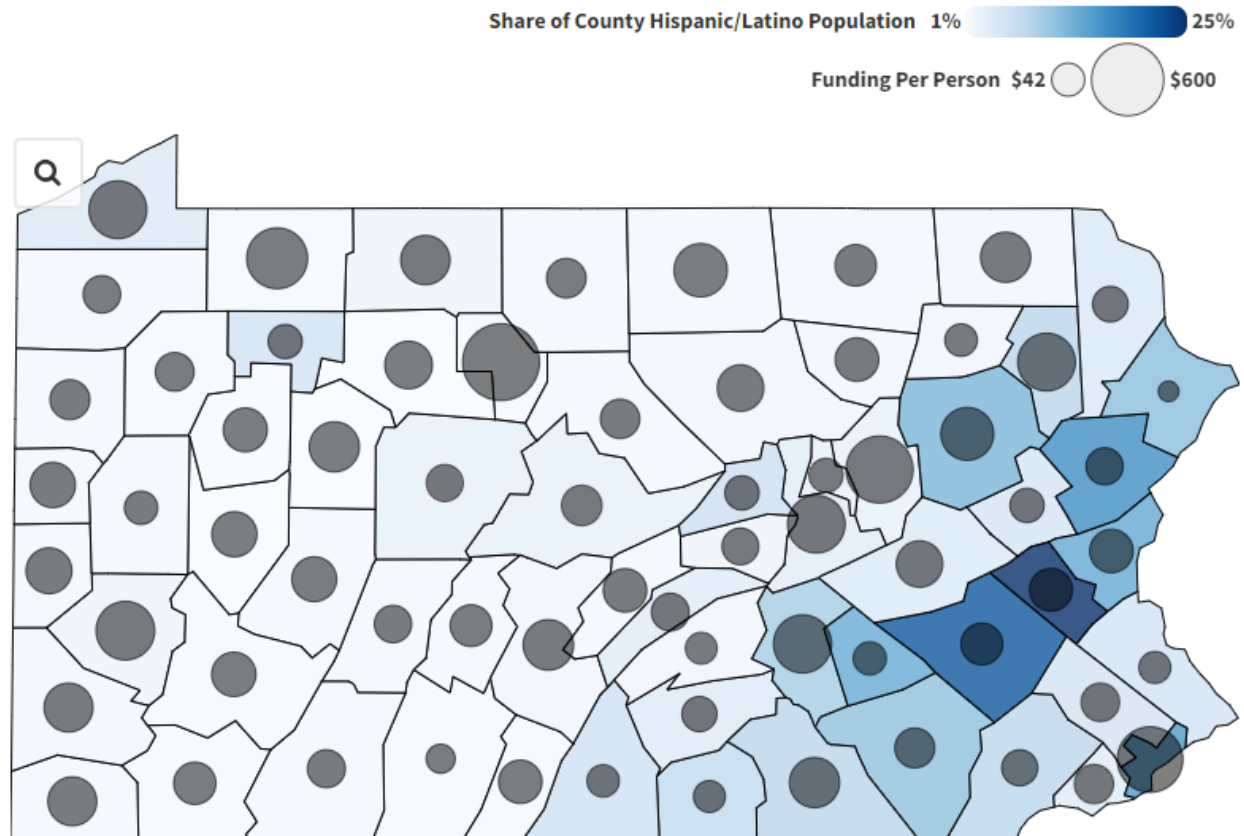


U.S. Census Bureau 2019 boundaries, U.S. Census Bureau 2019 population estimates
Source: RHLS analysis of CDBG, HOME, Keystone Communities, LIHTC, NAP, PHARE, RACP, and USDA Rental Preservation programs.



Figure K

County Comparison of Share of County Hispanic/Latino Population and Per Capita Share of Housing and Community Development Funding in 2019



U.S. Census Bureau 2019 boundaries, U.S. Census Bureau 2019 population estimates
Source: RHLS analysis of CDBG, HOME, Keystone Communities, LIHTC, NAP, PHARE, RACP, and USDA Rental Preservation programs.



Figures I, J, and K show the breakdown of race and ethnicity for Asian, Black/African American, and Hispanic/Latino state residents in comparison to the amount of funding per person received by the county.

Figure I highlights the Asian population across the state. While counties like Centre and Montgomery have higher shares of Pennsylvania's Asian population, their share of funding may not be sufficient. Alternatively, counties like Columbia and Mercer may be receiving more than their fair share of funds per person in the county.

The map for the Black/African American population, Figure J, shows similar discrepancies as the state's Asian population. Counties like Armstrong, Northumberland, and McKean have much higher dollars per person than perhaps they need. For Forest County specifically, a potential reason for the county's Black population standing out from the rest of the region is a

correctional facility that exists in the county.⁴⁷ The most recent research showed Black people in Pennsylvania constituted 11% of state residents, but 37% of people in jail and 47% of people in prison.⁴⁸

In Figure K, Pennsylvania's Hispanic/Latino population seems to be concentrated in the eastern regions of the state. Berks and Lehigh counties have the highest concentration of Hispanic/Latino people, but their share of funding is not proportionate to their population. Counties like Erie and Warren may have a higher share of funding for Hispanic/Latino people than they may need. For Forest County, again, a potential reason for Hispanic/Latino people having a larger concentration here is because of the state correctional facility. Latino people constituted 7% of the state population, but 10% of both the prison and jail populations.⁴⁹

The patterns revealed by these maps suggest regional economic trends, policy decisions, or program knowledge, criteria, or restrictions that are impacting counties across the commonwealth.

LIMITATIONS

While this study attempts to get a better idea of where housing and community development funding goes in the Commonwealth, the available housing funding data at the state level does not delve deeper than county level. As a result, the counties that are home to larger cities – such as Lackawanna, Allegheny, Erie, Northampton, Lehigh, and Dauphin – may have concentrations of poverty, higher cost of living, demographic distribution, and funding distribution within these counties that do not stand out given the presence of other, wealthier and/or whiter municipalities. Additionally, since the data is only available at the county level, we are unable to determine whether funds are directed to communities within the county (both geographic and by populations) with the greatest needs. Therefore, this report is unable to consider the nuances of localized housing markets. This makes it difficult to determine the true level of equity in funding sources for affordable housing and community development.

The county level data provided by the state was not always complete. Awards were distributed to some statewide organizations, therefore making it difficult to come to conclusions about what counties received this funding. Additionally, the year a grant was awarded may not have been the year the funding was distributed. This report chose to use the year a grant was awarded for continuity purposes.

⁴⁷ Pennsylvania Department of Corrections [map of state correctional institutions](#).

⁴⁸ [Pennsylvania State Incarceration Trends](#) – Vera Institute, 2017

⁴⁹ Ibid.

CDBG funds can be used for housing and community development. For federal entitlement communities, HUD provides “expenditure reports” of how funds were spent down that includes categories such as public services and housing. HUD’s comprehensive reports, however, do not coincide with grants awarded for the same year. The reports account for the previous year’s expenditures.

This report did not consider the fact that state prison populations are counted by the U. S. Census Bureau in the county where the prison is located, not the county where incarcerated individuals call home outside of the correctional facility.⁵⁰ The one exception made is for Forest County where the prison population is a relatively large percentage of the county population, thereby changing the racial and ethnic makeup of the Census figures. An estimated 88% of the Black and 72% of the Latino population in the county were incarcerated in 2015.⁵¹

APPLICATIONS FOR THIS REPORT

This report aims to provide a comprehensive overview of housing and community development funding distribution across Pennsylvania's 67 counties spanning from 2018 to 2021. Its primary objective is to serve as a valuable resource for a diverse audience including community members, advocates, local organizations, and elected officials. By analyzing the allocation of resources, it offers insights into how these funds have been utilized to sustain and enhance housing and community development initiatives and infrastructure.

Given the vast geographical and demographic diversity within Pennsylvania, the state faces a multitude of housing and community development challenges with limited resources. Consequently, this report serves as a tool for identifying areas where funding may be insufficient to meet the needs effectively. By highlighting these gaps, it enables elected officials and policymakers to prioritize and allocate resources more strategically.

Furthermore, the report underscores the importance of collaboration and coordination among the three agencies responsible for distributing funding identified by this report. By aligning their efforts based on the analysis presented, these agencies can optimize resource allocation to target specific areas in need more effectively.

Advocacy emerges as a crucial component in this endeavor, as it plays a pivotal role in advocating for increased funding to address the needs addressed by these programs. By amplifying the voices of communities and organizations impacted by housing and community development issues, advocacy efforts can influence policymakers to allocate additional

⁵⁰ Prison Policy Initiative report “[Why the Census Bureau Must Start Collecting the Home Addresses of Incarcerated People.](#)”

⁵¹ Prison Policy Initiative, “[The Racial Geography of Mass Incarceration.](#)” Appendix A, 2015.

resources where they are most needed. Ultimately, this report serves as a catalyst for informed decision-making and collective action aimed at improving housing and community development outcomes across Pennsylvania.

AVENUES FOR ADVOCACY

Advocacy for housing and community development funding is important for ensuring that all individuals and families across the Keystone State have access to affordable, safe, and stable housing. To properly advocate for each program, community members need to become familiar with the regulations and policies each program is governed by:

Programs	Governing Documents/Legislation
CDBG	Pennsylvania Consolidated Plan
HOME	Pennsylvania Consolidated Plan
Keystone Communities	Pennsylvania Consolidated Plan
LIHTC	Pennsylvania Qualified Allocation Plan
NAP	Pennsylvania Tax Reform Code of 1971 (Act of Mar. 4, 1971, P.L. 6, No. 2)
PHARE	Pennsylvania PHARE Plan
RACP	Capital Facilities Debt Enabling Act Capital Budget Act Capital Budget Itemization Act
USDA Rural Rental Preservation	Code of Federal Regulations: Title 7, Part 3560

Here are some avenues through which individuals, organizations, and communities can advocate for increased funding and better policies for distributing the funds:

Institutional Avenues

1. Engage with State and Local Housing Agencies:
 - Develop relationships with city and county offices of housing and community development to advocate for the allocation of funds that addresses your community’s most pressing needs.
2. Attend Public Meetings and Offer Comments:
 - All local governments that receive CDBG or HOME funds must hold public meetings as part of their development of their Comprehensive Plan for how the money is to be spent. Make your voice heard.
3. Testimony at Government Hearings:

- Provide testimony at local city council meetings, legislative hearings, and other government forums where decisions about housing and community development funding are made.

Public Hearing Process:

A public hearing is a formal meeting convened to gather input from various stakeholders, including the general public, regarding a proposed matter or course of action. Offering verbal or written testimony during a public hearing is crucial to ensuring your perspective is considered before any decisions are finalized. Whether you present testimony or simply observe as an audience member, attending can also offer valuable insights into the subject under discussion. Paying attention to the comments and concerns of others can enhance your understanding of the matter at hand.

When addressing any elected body, it is best to prepare your comments beforehand and read from that statement. Many meetings allow a small amount of time for public comments, usually from two and five minutes, so having your statement written allows you to make your most compelling points. Your written statement can be longer and you can submit it to the Board/Commission/Council so that it becomes part of the public records.

Community Avenues

1. Community Organizing/Coalition Building:
 - Organize members of your community, particularly those who are directly affected by housing issues, to participate in rallies, demonstrations, and lobbying days to show strong support for more funding. Join coalitions with other organizations and people in your community focused on housing and community development. Encourage them to contact their representatives, attend public meetings and town halls, and vote on issues related to housing and community development funding.
4. Legal Advocacy:
 - Work with local, state, and national legal advocacy groups to challenge discriminatory housing policies and to ensure that existing laws are enforced to protect the rights of those in need of affordable housing.

APPENDIX I.

The following programs assist with reaching affordable housing goals in the Commonwealth: (programs with acronyms linked have both a federal and state website)

[Community Development Block Grant Program \(CDBG\)](#) is a federally funded initiative that provides grants to eligible cities, counties, and states to support community development activities. The program aims to promote affordable housing, expand economic opportunities, and improve community infrastructure, especially in low- to moderate-income areas. CDBG funds can be used for a wide range of projects, including housing rehabilitation, public facility improvements, and economic development initiatives. The program is designed to be flexible and adaptable, allowing communities to tailor their use of funds to their unique needs and priorities. At least 70% of the funds must benefit low and moderate income people.

[HOME Investment Partnerships Program \(HOME\)](#) is designed to provide affordable housing options to low-income individuals and families. This federally funded program offers a range of services including financial assistance, homebuyer counseling, and rental assistance to help individuals achieve their goal of owning or renting a home.

[Keystone Communities](#) is a state-funded initiative that provides funding and technical assistance to communities across the state to support local revitalization efforts. The program offers grants and low-interest loans for a wide range of projects, including the rehabilitation of historic buildings, streetscape improvements, the development of new community facilities, and housing development. The program also offers technical assistance and guidance on best practices for community revitalization, helping to build local capacity and promote sustainable development.

The [Low-Income Housing Tax Credit Program \(LIHTC\)](#) is a federal program that provides tax credits to developers who build or rehabilitate affordable housing for low-income households. Administered by the Pennsylvania Housing Finance Agency (PHFA), the program offers tax credits to private developers who commit to renting a percentage of their units to low-income households at below-market rates. These tax credits can then be used to offset the costs of developing or rehabilitating affordable housing units. It has helped to provide safe, decent, and affordable housing options to low-income households across the state by increasing the supply of affordable housing.

[Neighborhood Assistance Program \(NAP\)](#) is a state-funded initiative designed to encourage businesses to invest in their local communities. Administered by the Pennsylvania Department of Community and Economic Development (DCED), the program offers tax credits to businesses that make charitable contributions to eligible organizations, including community and economic development organizations, education organizations, and organizations that serve individuals with disabilities, among others. For a basic one-time donation, the tax credits are worth 55% of the value of the contribution and can be used to offset a business's state tax liability. Donations to projects that qualify under DCED's Special Program Priorities (SPP) garner a 75% credit. NAP also includes the Neighborhood Partnership Program (NPP) that

offers a 75% annual credit for a five year commitment and an 80% credit for a commitment to donate to the project for six years or more. The NAP program has been successful in promoting public-private partnerships and encouraging businesses to invest in their local communities, helping to support a wide range of community initiatives across the state.

[Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund](#) (PHARE) is a state-created program that provides grants to local communities, non-profit organizations, and private developers to support affordable housing initiatives across the state. PHARE funds can be used for a wide range of activities, including the development of affordable housing, the rehabilitation of existing housing, and the provision of rental assistance to eligible households. The program is designed to help low-income households access safe, decent, and affordable housing, and to promote economic growth and stability in communities throughout the state. It leverages state (Marcellus Shale Impact Fee and Realty Transfer Tax) and federal (National Housing Trust Fund) resources to increase affordable housing options and has helped reduce homelessness and improve housing stability for low-income households across the state. PHARE is extremely popular with funding recipients because local organizations are given the freedom to determine how the money can best address their local housing needs.

[Redevelopment Assistance Capital Program](#) (RACP) is a state-funded initiative designed to provide funding for high-impact economic development projects. Administered by the Pennsylvania Office of the Budget, the program offers grants for the acquisition and construction of regional economic, cultural, civic, recreational, and historical improvement projects. The RACP program has been instrumental in supporting a wide range of projects across the state, including the development of new community facilities, the expansion of educational institutions, and the redevelopment of blighted areas. The program has been successful in supporting public-private partnerships and leveraging private investment to create long-lasting economic benefits for communities across the state.

[United States Department of Agriculture Rural Housing Preservation Program](#) (USDA) is a federally funded program that aims to repair or rehabilitate housing owned or occupied by low- and very-low-income rural occupants. The grants provided by the agency are awarded to sponsoring organizations that then are distributed to members of their community.

APPENDIX II

Program Name	Who is Eligible to Apply?	Description	Program Category	Source; Size of Grant/Loan	Administering Agency	Application	Website for more information
Community Development Block Grant Program (Federal share only)	Formula distribution to states, counties, and municipalities. Nonprofit and for profit entities may apply to their municipal or county recipient. (See below for CDBG funds received by the Commonwealth.)	Help with affordable housing development, infrastructure improvements, public services, and revitalization efforts in distressed areas. One of the following criteria must be met when using CDBG funding: benefiting low- and moderate-income individuals, preventing or eliminating slums or blight, or addressing urgent community development needs.	Grant	U.S. Housing and Community Development Act of 1974 (42 U.S.C. 5301 et seq.) sets formula distribution based on population, poverty levels, and housing overcrowding for federal entitlement communities. In 2021, HUD disbursed \$964 million. Awards to Entitlement Communities from 2018-2021 was \$21,875,482.	HUD	No – for governmental recipients. Yes – for nonprofits and for profit entities.	https://www.hudexchange.info/programs/cdbg/cdbg-ta-products/#all-products
Community Development Block Grant Program (State share only)	1) Annual grants for pre-determined municipalities through the formula-based state entitlement program, which includes counties, cities, boroughs, and townships in rural and nonmetropolitan areas of Pennsylvania. 2) Competitive grants for local governments for critical infrastructure or revitalization projects. Nonprofit and for profit entities may apply to their municipal or county recipient.	See Federal Share description, above.	Grant	PA Act 179 sets formula distribution for non-federal entitlement communities, with a minimum award of \$100,000. Awards to Non-Entitlement Communities from 2018-2021 was \$6,125,834.	DCED	No – for formula distribution to municipalities. Yes – for competitive grants awards to municipalities. Yes – for nonprofits and for profit entities.	https://dced.pa.gov/programs/community-development-block-grant-cdbg/
HOME Investment Partnerships Program (Federal share only)	Formula distribution to states, counties, and municipalities. Nonprofit and for profit entities may apply to their municipal or county recipient. (See below for HOME funds received by the Commonwealth.)	Provides Participating Jurisdictions (PJs) with funding to construct, rehab, and preserve affordable rental housing, as well as homeownership assistance for low-income households.	Grant Funds may be granted, loaned, or invested in eligible projects in PJs.	The Craston-Gonzales National Affordable Housing Act (42 U.S.C. 12721 et seq.) created HOME in 1992 and sets distribution formula based on 6 factors reflecting measures of poverty and the condition and supply of rental housing stock.	HUD	No – for governmental recipients. Yes – for nonprofits and for profit entities.	https://www.hud.gov/program_offices/comm_planning/home

				The average award granted to a federal Participating Jurisdiction in PA from 2018-2021 was \$18,613,172.			
HOME Investment Partnership Program (State share only)	<p>Formula distribution to the Commonwealth. Local governments apply to DCED on behalf of private, non-profit, and for-profit housing developers.</p> <p>Funding is primarily for non-Participating Jurisdictions, although Participating Jurisdictions may apply in certain limited situations.</p>	<p>See Federal Share description above. States have the flexibility to target funds to specific populations, geographic areas, or types of housing projects based on local needs.</p> <p>Pennsylvania's goals in the 2024-2028 Consolidated Plan for HOME funding include: expand and preserve safe, decent, accessible, and affordable housing; and community planning and capacity building for strong communities.</p>	Grant to PJs. Funds may be granted, loaned, or invested in eligible projects.	<p>On average, PA receives approximately \$15M a year for non-PJs. Maximum funding available to local government depends on Non-Participating Jurisdiction factors.</p> <p>The average award granted to a federal Participating Jurisdiction from 2018-2021 was \$1,698,650.</p>	DCED	No – for the state. Yes – for local governments.	https://dced.pa.gov/download/home-program-guidelines/?wpdmdl=80332&refresh=65e665de9b56a1709598174

Program Name	Who is Eligible to Apply?	Description	Program Category	Source; Size of Grant/Loan	Administering Agency	Application	Website for more information
Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund	Local governments, non-profit organizations, and private developers. For Marcellus Shale Impact Fee funds, only county and municipal governments where drilling occurs.	Grants for the development of affordable housing units, the rehabilitation of existing housing units, and the provision of rental assistance and housing services to eligible households. Program is flexible and encourages creativity in addressing local housing needs.	Grant	State Realty Transfer Tax and Marcellus Shale Impact Fee; federal National Housing Trust Fund. The average award granted to a county from 2018-2021 was \$2,378,987.	PHFA	Yes	https://www.phfa.org/legislation/act105.aspx
Keystone Communities	Local government, redevelopment and/or housing authorities, nonprofit organizations, community development organizations, and business/neighborhood/downtown improvement districts.	Grants for targeted investment and development program for planning activities, façade grant programs, accessible housing modifications, and development grants, including the development of affordable housing and home repair.	Grant	The average award granted to a county from 2018-2021 was \$936,006.	DCED	Yes	https://dced.pa.gov/programs/keystone-communities-program-kcp/
Low-Income Housing Tax Credit Program	For- or non-profit developers of affordable housing.	Award of tax credits to developers to be sold to investors in exchange for equity investments in the development or rehab of affordable rental housing.	Tax incentive	The average award granted to a county from 2018-2021 was \$2,480,004.	Federal: IRS provides credits to each state using per capita formula. PHFA distributes the credits in Pennsylvania.	Yes	https://www.phfa.org/mhp/developers/lihtc.aspx
Neighborhood Assistance Program	Nonprofit organizations working to address poverty or improve impoverished neighborhoods; the nonprofit must partner with one or more business entities that donate to the nonprofit in exchange for the tax credit.	Provides tax credits against PA business taxes in exchange for donations to programs in disadvantaged communities. Goal is to create partnerships between community-based organizations and businesses. The program has multiple eligible activities, including housing and community development needs.	Tax Credit	55% credit for a basic one-year contribution 75% credit for a Special Priorities Program one-year contribution. The average award granted to a county from 2018-2021 was \$498,571.	DCED	Yes	https://dced.pa.gov/programs/neighborhood-assistance-program-nap/

Program Name	Who is Eligible to Apply?	Description	Program Category	Source; Size of Grant/Loan	Administering Agency	Application	Website for more information
Redevelopment Assistance Capital Program	Developers of projects with significant regional impact.	Funding available for projects aimed at acquiring and constructing regional initiatives focused on economic, cultural, civic, recreational, and historical enhancements, which exhibit a regional or multi-jurisdictional influence. These projects are expected to generate significant increases in employment, tax revenues, or other indicators of economic activity, or alternatively, sustain existing levels.	Grant	State Capital Budget; cannot obtain primary funding under other state programs. The average award granted to a county from 2018-2021 was \$26,608,981.	PA Office of the Budget	Yes	https://www.budget.pa.gov/Programs/RACP/Documents/Program%20Guidelines.pdf
Rural Housing Preservation Program (USDA)	State and local government, non-profit organizations, and federally recognized tribes in rural areas, defined as municipalities with 10,000 to 20,000 people (or up to 35,000 if grandfathered in) if not in a metropolitan statistical area and if lacking access to credit for low-mod households.	Grants for repair or rehabilitation of low- and very-low-income rental and owner-occupied housing.	Grant	The average award granted to a county from 2018-2021 was \$25,845.	USDA Rural Development	Yes	https://www.rd.usda.gov/programs-services/single-family-housing-programs/housing-preservation-grants

